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Issue E: Is the overall overhead loading factor used by Bell Atlantic for the video dialtone service in Dover Township, New Jersey reasonable?

Yes, the overall overhead loading factor used for the Dover Township video dialtone service is reasonable.

Bell Atlantic's calculation of its price ceiling for each rate element complies with the Commission's requirements. Bell Atlantic has applied the same overhead loading factor it has applied to other switched access services[52] in order to arrive at fully loaded cost -- the price ceiling. While Bell Atlantic is permitted to price at the ceiling, it has the option under the pricing rules for new services to price anywhere between the price floor and the price ceiling.[53] In compliance with the Commission's rules, Bell Atlantic's proposed rates for video dialtone service make a reasonable contribution to overhead.[54]

Bell Atlantic's introduction of video dialtone service will not cause incremental increases in its overhead expenses, including marketing, customer service, engineering and advertising expenses. Bell Atlantic anticipates that, like interexchange carriers, programmer-customers will

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[52] ***See, e.g.*** Bell Atlantic Telephone Companies, Tariff Trans. No. 725 (filed Dec. 14, 1994) (applying same .6405 overhead loading factor for 500 access service price ceiling). The overhead loading factor is calculated on an annual basis for all new switched access services.

[53] Video Dialtone Reconsideration Order, ¶¶ 205-14.

[54] Bell Atlantic's proposed rates reflect an average overhead allocation for all services included in the tariff of approximately 20%. ***See*** Tariff D&J, § 3.0; Workpapers 5-1, 5-2, 5-6, 5-7, 5-11 and 5-12. While these are reasonable contributions, customers of other telephone services are by definition better off with ***any*** contribution to overhead borne by this new service. Taylor Reply Affidavit at ¶ 11.

directly market their services to end users and be a primary point of contact for end user complaints and inquiries. As a result, it is unlikely that Bell Atlantic would incur an increase in its own marketing, advertising or customer service expenses significantly above that incurred upon introduction of any new telephone access service. If such unusual substantial additional costs were to be incurred, however, they would appropriately be treated as direct costs of providing video dialtone service, not as overhead. Similarly, as discussed above in Information Request D(1), engineering costs are always treated as direct costs, not as overhead. Consequently, the investment figures in the tariff workpapers include the costs of engineering, furnishing and installing the equipment.

Issue E-Information Request (par. 35):

E(1) We require Bell Atlantic to provide comparisons of the video dialtone overhead loading with that of other new services.

Bell Atlantic's proposed rates reflect an average overhead allocation for all services included in the tariff of approximately 20% or 1.20.[55]

Unlike most other new services launched by Bell Atlantic, video dialtone will compete with entrenched incumbents that have already achieved market dominance. Thus, it would be economically rational for Bell Atlantic to price this new service with significantly lower overhead loading than its telephony services. Nevertheless, Bell Atlantic has used overheads comparable to those in other new services. Examples include the overhead for five year DS3 channel termination services (1.27) and DS1 channel termination service (1.3).[56]

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[55] *See* D&J at 30 and workpapers 5-1, 5-2, 5-6, 5-7, 5-11 and 5-12.

[56] *See* Bell Atlantic Reply to Petitions, Transmittal No. 784 (filed June 26, 1995). Exhibit 1 of that filing, which presents current overhead loadings for DS3 and DS1 services, is included as Attachment E(1) to this filing.

E(2) Bell Atlantic may also provide claims and projections of demand in conjunction with the proposed rates, that support the conclusion that a higher overhead loading factor would weaken the competitive viability of the video dialtone service.

Applying a higher overhead loading is the equivalent of a price increase. As discussed in the Declaration of Mr. Robert Rider, provided as Exhibit B to the Introduction and Summary, any material increases in price will reduce customer demand. The net impact of such an increase would be to decrease the final contribution to overhead costs.

Issue F: Is Bell Atlantic's overhead loading factor for volume and term discounts reasonable?

Yes, Bell Atlantic's overhead loading factors for volume and term discounts are reasonable.

There is no pre-set "correct" amount of overhead that should be assigned to a particular service. In its Video Dialtone Reconsideration Order, the Commission required that some amount of overhead -- more than zero -- be assigned to video dialtone services. As economist Dr. William Taylor has explained, ***any*** overhead contribution by video dialtone reduces the burden on other services, ***See*** Taylor Reply Affidavit provided in Attachment A. Moreover, by including any allocation of shared investment as part of its direct cost, video dialtone service must be priced well above incremental cost. This investment also serves as the basis for the calculation of maintenance and administration components of direct costs. All of these costs are included in the price floor before any overhead is applied.[57]

Because by definition, the amount of overhead does not vary with the introduction of a new service, any allocation of overhead is considered by economists to be inherently arbitrary. For that reason, the Commission has not required a minimum level of overhead to be assigned to access services.

With video dialtone, Bell Atlantic is entering a market that already includes established competitors. Had Bell Atlantic set its overall price too high, video programmers might have lost

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[57] ***See*** Taylor Direct Cast Affidavit.

the ability to compete with cable incumbents on price. That loss of ability could have resulted in a loss of potential video information providers as customers for Bell Atlantic video dialtone services.[58] The end result of such a scenario would be a market failure of this nascent service, and therefore ***no*** contribution to overhead would be made.

The market pressure is even greater here because this is the initial deployment of commercial video dialtone service. The video information providers must overcome a perception of market risk that should dissipate after several video dialtone projects have shown themselves to be commercially viable.

The Commission granted LECs a great deal of flexibility in setting overhead levels to allow the market to determine a reasonable level. Customer interest in Bell Atlantic's initial video dialtone tariff is testament to the soundness of the Commission's judgment on this point.

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[58] ***See*** Rider Declaration.

Issue F-Information Request (par. 36-38):

F(1) We require Bell Atlantic to provide information that would justify such a discount from the standard rate (referring to the 1.06 loading for the 24-channel, 5-year term discount). Information should identify any lower costs of providing a longer term or larger volume service or otherwise establish why the discount is warranted by comparison to other circumstances where such discounts are offered.

Bell Atlantic's offering of a discounted rate for programmer-customers who purchase video dialtone transport services for a five-year term or for a package of 24 broadcast channels is reasonable and justified. The Commission has found that volume[59] and term discounts[60] are a "useful and legitimate means of pricing . . . access services to recognize the efficiencies associated with larger volumes of traffic and the certainty of longer term deals."[61]

Consistent with the Commission's findings, discounts here are justified by the cost savings that accrue to Bell Atlantic from reduced administrative costs reduced risk, and avoidance of capacity demands associated with market churn. Moreover, because they allow Bell Atlantic to attract an established base of programmers to the network, these discounts will not only benefit

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[59] ***See Private Line Rate Structure and Volume Discount Practices***, 97 FCC2d 923 (1984) ("Volume Discount Order").

[60] ***See Expanded Interconnection with Local Telephone Company Facilities, Amendment of Part 69 Allocation of General Support Facility Costs***, 7 FCC Rcd 7369, 7463 (1992).

[61] ***Id.*** (upholding term discounts for special access service); ***see also Expanded Interconnection with Local Telephone Company Facilities, Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board***, 8 FCC Rcd 7374, 7434 (1993) (applying similar rules to switched access, stating: "[R]easonable term discounts can be a useful and legitimate means of pricing services to recognize the certainty of longer term commitments . . . . LECs will need the ability to offer reasonable volume discounts in order to respond to switched transport competition by interconnectors, and therefore we will permit them to offer such discounts.")

the network but also benefit all participating programmers by creating more consumer demand for access to the platform generally.

The Commission should not discourage use of such discounts for this competitive new service.[62] As a new entrant in an established market, volume and term discounts are vital to allow video dialtone to become a truly competitive service.[63] Moreover, the discounts proposed by Bell Atlantic are modest[64] in relation to other volume and term discounts previously accepted by the Commission. The volume discounts proposed by Bell Atlantic for single channel versus 24-channel packaged of broadcast channels are 8.4% for the month-to-month term plans and 16.7% for the 5-year term plans. In contrast, the volume discount approved for DS3 versus DS3G rates is 67.1% for 5-year term plans.[65] The term discounts proposed by Bell Atlantic for single channel, 5-year purchases in 10% and for 24-channel packages is 18%. In contrast, the DS3 service 5-year term discount is 38.3%.[66]

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[62] ***See*** Taylor Direct Case Affidavit.

[63] ***See*** Taylor Reply Affidavit at ¶¶ 24-28.

[64] Viacom, a potential programmer on the network, concurs that the proposed discounts are conservative. Viacom, Inc. Petition for Suspension and Investigation at 9-10 (filed Feb. 21, 1995) ("Viacom Pet.") (describing the proposed term discount as "modest" and the proposed volume discount as "small"). Viacom argues that the cost savings from these efficiencies could warrant even ***larger*** or ***longer*** discounts. ***Id.*** at 10.

[65] Bell Atlantic Tariff FCC No. 1- § 7.5.9(A)(2)(d).

[66] Bell Atlantic Tariff FCC No. 1- §§ 7.5.9(A)(1)(a), 7.5.9(A)(2)(d).

Volume discounts are a common practice in most business environments. In a supermarket, for example, comparing the unit prices of a pint of milk to a gallon, or a can of Coke to a 2-liter bottle, demonstrates that the price of the larger unit is significantly less on a per unit basis than that of the smaller unit. It is sound business practice to encourage customers to buy more by offering them a better price if they will "commit" to a larger volume. The customer is better off, having found a more economic way to purchase the product, while the business is better off, having moved a larger volume of the product. "Buy one, get one free" or "Family Pack Savings" advertisements can be found in every newspaper in the country.

Volume discounts are also common in the Cable TV (CATV) industry. A typical cable marketing strategy is to offer a package of premium channels at full price with an additional premium channel "thrown in" for $1.00. In addition, CATV companies receive volume discounts when purchasing their programming based upon the number of viewers they serve. The more viewers, the less expensive the unit price paid for programming.

Term discounts are simply another form of volume discount. Instead of the customer taking delivery all at once, the customer takes delivery over a period of time. The customer is better off having found a less expensive way to purchase the good, and has guaranteed its delivery and price over the term of the agreement. The customer, who is risk-adverse, is better off knowing that he has a sure thing. The seller, who is also risk adverse, knows that it has sold a certain quantity of the good, has saved the packaging and transaction costs for the term of the agreement, and can plan production and marketing activities accordingly. All parties are acting in an economically efficient manner.

The CATV industry also utilizes term discounts. CATV companies routinely offer better rates on premium channels if the customer will commit to a whole year's subscription. In purchasing programming, CATV companies often get a better price if they sign a longer contract.

Another comparison can be made to the highly competitive real estate market, composed of many buyers and sellers. Common term and volume discounts in this industry include better prices per square foot when the purchaser leases more square feet in an office park or signs a longer lease. The landlord has a great interest in keeping the property rented, and the fact that a significant portion of the property is rented by a stable tenant increases the value of the transaction.

The video dialtone network is comparable in this regard to the real estate market. There is a finite amount of space to lease, a mortgage to pay, and the need for tenants who will lease a lot of space and stay a long time. With tenants who have an interest in keeping the place up and staying around awhile, the remaining space becomes even more valuable to other customers, who move in because they "like the neighborhood."

When Bell Atlantic offers term and volume discounts, it is merely observing sound business practices. Bell Atlantic benefits from having the greatest number of channels leased and by having stable programmer-customers on the system to attract others to the service. Programmer-customers benefit from discounted pricing and stable terms. Consumers benefit from greater programming choices at lower rates. All involved are acting in an economically efficient manner.

F(2) The estimated effect of such discounts on demand and marketability should also be provided.

Reducing or eliminating volume or term discounts causes an increase in price for any programmer-customers who would have purchased the discounted rate elements. Increased prices lead to a reduction in demand. *See* Rider Declaration, provided as Exhibit B of the Introduction and Summary, for a discussion of the impact on demand of price increases. Beyond the reaction to a price change, the loss of or reduction in the presence of large programmer-customers will undermine end-user subscriber interest in the platform, which will also undermine small programmer-customers.

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Issue G: Is Bell Atlantic's channel utilization factor reasonable to use to isolate the costs for the services presently being tariffed from costs associated with other video dialtone services that may be provided in the future over the same facilities?

Yes, Bell Atlantic's channel utilization factor is reasonable to use to isolate costs for the broadcast and narrowcast services presently being tariffed from costs associated with other video dialtone services that will be provided in the future over the same facilities.

Bell Atlantic determined the per channel cost of video dialtone by dividing the total investment required to provide the service by the full available capacity of the system, assuming all channels are at 6 Mbps (i.e., 383 channels). Costing based on system capacity, or "capacity costing," is economically proper, has been used in developing approved telephone services, and appropriately measures the costs here.

In his affidavit attached to Bell Atlantic's reply in the initial round of the tariff filing proceeding, Dr. William Taylor defended the use of capacity costing and explained that capacity costing is normally equivalent to long run incremental cost-- the accepted measure of cost for capital equipment. When equipment is expected to have multiple uses, capacity costing avoids charging the first service for the full equipment cost-- including capacity the first service does not use -- and giving customers of subsequent services a free ride. Instead, capacity costing spreads the costs equitably over all the users of the facilities based on actual use.[67]

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[67] For equipment like a switch or the platform here, large amounts of capacity are available for each equipment unit. The purchase decision is based not only on the initial service, but on all the services expected to use the capacity of the equipment. Capacity costing allows each of those services to share in the burden of recovering the costs of the equipment.

Capacity costing has been utilized and accepted in cost of service studies supporting a variety of telephone network components, including interoffice facilities and switches. For example, when an interoffice facility is engineered using asynchronous fiber optic terminals that are capable of handling 8000 voice grade circuits, each customer pays 1/8000 of the equipment costs. It is assumed that multiple customers of multiple services (e.g., digital data services, voice grade services, high capacity services, private line and switched services, local/state/interstate services, etc.)--each pay for only the capacity used by the service they purchase.[68] The same theory is employed by the Switching Cost Information System (SCIS) used to develop unit costs for network switches.[69]

Capacity costing is an appropriate measure for video dialtone services as well. By basing its per channel costs on full capacity, Bell Atlantic ensures that it recovers from each customer that customer's proportionate utilization of the system. Had Bell Atlantic based its costs only on expected demand rather than capacity, it would already be in a position of over-recovery of the direct costs of the investment. Bell Atlantic has already had channel reservations for 304

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[68] ***See*** Tariff Trans. No. 700 (filed Sept. 30, 1994) -- Term Pricing Plans for Switched Transport Services; Tariff Trans. No. 659 (filed May 13, 1994) -- Rate Revisions for DS1 7-year Term Pricing Plan; Tariff Trans. No. 729 (filed Dec. 16, 1994) -- Term Pricing Plans for Special Access Voice Grade Service and enhancement to Digital Data Service' Tariff Trans. No. 708 (filed Oct. 28, 1994) -- Fractional DS1 Service; Tariff Trans. No. 662 (filed May 2, 1994) -- Rate Stability Plan for 4.8 Kbps Digital Data Service.

[69] ***See*** Tariff Trans. No. 471 (filed Nov. 1, 1991) -- ONA Filing; Tariff Trans. No. 626 (filed Jan. 31, 1994) -- Compliance Filing.

channels, 42 more than the demand predicted in the year 3 projections used in its D&J. If Bell Atlantic successfully sells out its capacity with the services proposed here, it will recover all costs for the portion of the platform assigned to video, plus an appropriate portion of the platform assigned to shared or joint use.

As explained in detail in response to Information Request G(1) below, even if the platform is not fully utilized for broadcast and narrowcast services, Bell Atlantic expects that its costs will be fully recovered by other services. The costs incurred in providing those channels not used for broadcast and narrowcast service, therefore, would not constitute direct costs of providing broadcast and narrowcast services. Instead they would constitute direct costs of providing such other services, and would be recovered by the rates charged for such services. The use of capacity costing for purposes of setting prices for broadcast and narrowcast channels does not understate the costs of these services.[70]

To the extent that Bell Atlantic's demand estimates prove incorrect, however, and its video dialtone costs are not recovered through charges to video dialtone customers, any shortfall will be absorbed by Bell Atlantic's shareholders, not telephone ratepayers.

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[70] *See* Taylor Reply Affidavit at ¶ 33.

Issue G-Information Request (par. 39-40):

G(1) We require Bell Atlantic to provide specific information on how it plans to use the remaining 79 channels available after deployment of broadcast and narrowcast services-an estimate of revenues from these unallocated channels, the projected costs associated with the deployment of pointcast services, and the anticipated rates for pointcast services. These estimates should be accompanied by an appropriately detailed explanation of the basis for the projections.

Costs for the portion of the video dialtone platform not used by services in this initial tariff will be recovered by other services. There are a number of potential services that could make use of any capacity not purchased by broadcast or narrowcast video dialtone customers. These future services are projected to easily recover any remaining costs. The most imminent and significant of these new services are pointcast services.[71] Bell Atlantic's business plans call for deployment of asynchronous transfer mode (ATM) equipment necessary for initial pointcast service in 1996, and for expansion of pointcast capabilities in 1997.[72]

Projections of amounts to be recovered by future services are based on the portion of the platform remaining after purchases of the services proposed in the initial tariff. Five year demand projections for broadcast/narrowcast service have been provided. See response to Information Request Pre(3). Bell Atlantic has taken channel reservations for 304 broadcast channels and expects demand to materialize for 40 more over the next five years. Based on these current

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[71] Pointcast services support point-to-point transport of digital video signals with a return signaling path between the end-user and programmer-customer. *See* Letter from Joseph J. Mulieri, Bell Atlantic, to David Nall, Tariff Division, Federal Communications Commission, at 5 (dated May 16, 1995) ("May 16 Letter").

[72] May 16 Letter at 5.

demand projections, 39 broadcast channels worth of system capacity are expected to be available for future services. The direct monthly cost per channel per potential subscriber is $0.0354.[73] Thus, investment of $1.38 per home passed would remain to be recovered by future services (39 x $0.0354).

In the forecasts used to support the economic justification associated with Bell Atlantic's approved 214 application for Dover Township, Bell Atlantic projected that 35% percent of the homes passed will subscribe to multichannel video entertainment services transported over its video dialtone network.[74] Expert testimony in the Section 214 proceeding[75] supported the reasonableness of Bell Atlantic's demand estimates, and more recent analyses have suggested even higher demand.[76] Moreover, the demand for pointcast services, which include many of the

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[73] Tariff, Workpaper 5-6.

[74] ***Application of New Jersey Bell Telephone Company for Authority Pursuant to Section 214***, WPC-6840, Opposition of New Jersey Bell Telephone Company to Petitions to Deny, Declaration of Brian D. Oliver, ¶ 9 (filed Feb. 4, 1993) (NJB Opposition).

[75] NJB Opposition, Declaration of Joseph H. Weber.

[76] ***Application of New Jersey Bell Telephone Company for Authority Pursuant to Section 214***, WPC-6838, Bell Atlantic Response to Inquiries at 2-3 (filed Dec. 23, 1994); ***Application of New Jersey Bell Telephone Company for Authority Pursuant to Section 214***, WPC-6838, Letter From Edward Shakin, Bell Atlantic, to William Caton, Acting Secretary, Federal Communications Commission, at 3-4 (March 10, 1995) ("Florham Letter").

anticipated new video and data services of the Information Age,[77] is likely to fuel an even higher penetration rate.[78]

A conservative estimate of 35% penetration for pointcast services results in a direct monthly cost of $3.94 per pointcast subscriber.[79]

It is premature at this time to have developed the costs and rates associated with Bell Atlantic's future introduction of pointcast services in Dover Township. However, Bell Atlantic is currently operating a trial of pointcast services in Northern Virginia. The approved tariff for that trial includes charges of $19.50 a month per pointcast subscriber for local transport.[80] As is planned for the Dover Township pointcast service, the Northern Virginia trial recovers the cost of video switches (corresponding to Dover Township's planned ATM switches which perform the pointcast routing function) via separate rate elements. While the Northern Virginia trial uses a

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[77] ***Application of New Jersey Bell Telephone Company for Authority Pursuant to Section 214***, WPC-6840, Application, Exhibit 4, Attachment B (filed Dec. 15, 1992) ("Dover 214 Application").

[78] ***See*** NJB Opposition, Declaration of Joseph H. Weber, ¶¶ 8-10; Florham Letter at 3-8.

[79] $1.38 ÷ .35 = $3.94

[80] Bell Atlantic Tariff FCC No. 10 at 50. This total includes a combination of the Programmer-Customer Connection Charge ($12.00) and the End-User Subscriber Connection Charge ($7.50). Together these charges recover the costs of the equipment necessary to transmit and transport pointcast service between the video distribution office and the ultimate consumer. Tariff, D&J, § 3.2.

different technology than that deployed in Dover,[81] it serves as a conservative proxy to show Bell Atlantic's anticipated revenues from pointcast service.[82]

The direct monthly cost of $3.94 per subscriber is easily covered by revenues of $19.50 a month. Even assuming some additional costs associated with transport of pointcast service, anticipated revenues are more than triple the projected remaining monthly costs.

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[81] The fiber-based platform in Dover will support far more robust service offerings than are available through the Northern Virginia Market Trial. Dover 214 Application, Exhibit 4, Attachment B. It is reasonable to assume a greater willingness to pay for the more robust service offerings.

[82] Bell Atlantic will determine the level and structure of its Dover pointcast service rates at the time such service is ready in Dover.

Issue H: Is Bell Atlantic's imputed charge for use of poles and conduit reasonable?

Yes, Bell Atlantic's imputed charge for use of poles and conduit is reasonable and the methodology used by Bell Atlantic to impute pole and conduit costs to the video dialtone system is reasonable and consistent with accepted pole and conduit investment techniques.

It is inappropriate to compare third party pole and conduit rental rates with the pole and conduit investments attributed to a service in a tariff cost study. What third parties pay Bell Atlantic for pole and conduit use is of no relevance in this tariff proceeding. As Bell Atlantic has previously noted,[83] where Bell Atlantic owns the pole or conduit, Bell Atlantic must recover the cost of that asset, as with any other plant or investment, across the multiple services that utilize that common plant. That assigned cost, not the regulated rates that a third party pays to lease space on the pole or conduit, is the appropriate amount for determining the cost of providing video dialtone service.

Regardless, the cost Bell Atlantic has assigned itself for conduit is comparable to the amount charged third parties. The cost assigned for poles is significantly higher than that paid by third parties.

The assignment of pole and conduit investment for video dialtone service is consistent with the methodology used for assignment of pole and conduit costs for other interstate services.

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[83] ***Telephone Company-Cable Television Cross-Ownership Rules***, CC 87-266, RM-8221, Reply of Bell Atlantic Concerning Third Further Notice of Proposed Rulemaking, at 21, n. 49 (filed Jan. 17, 1995).

Issue H-Information Request (par. 41):

H(1) We require Bell Atlantic to state the rates that it charges other firms for use of pole and conduit facilities as well as the rates that it has imputed to itself for the provision of video dialtone. Bell Atlantic may also submit any justification that it might have for differences between those rates.

Pole and conduit rates vary in each of the seven Bell Atlantic state serving areas. In the state of New Jersey, pole attachment and conduit rental rates are assessed pursuant to license agreements, and in accordance with rates approved by the New Jersey Board of Public Utilities. The license agreements establish annual pole attachment charges which are adjusted annually by the Consumer Price Index and are based on the percentage of common and usable space allocated to a customer as a function of the total yearly ownership expense for the pole. The Bell Atlantic-New Jersey Pole, Conduit and Trench Cable License agreement is provided in Attachment H(1).

In contrast, in its tariff filing here, Bell Atlantic developed pole investment for applicable rate element categories by applying a pole factor to total investment for each rate element category. The pole factor is derived by comparing total pole investment to total aerial plant investment- the factor represents the average pole investment per dollar of aerial plant investment.

As shown in Attachment H(1), the total pole investment for the Dover offering is $1,143,056, or approximately $161.70 per pole. This translates into an annual cost of $19.76 per pole. In contrast, the 1995 annual pole attachment rental rate in New Jersey is $4.42 per pole.[84]

[84] The 1995 rate is based on a 2.5% (1995) and 2.6% (1994) CPI annual increase adjustment to the 1993 approved rate of $4.20.

Bell Atlantic's yearly cost per pole is over four times greater than the pole attachment rates charged to third parties.

In Bell Atlantic's cost study, the assignment of conduit investment was accomplished using a conduit factor developed in the same manner as the pole factor described above. As with any other investment, video dialtone service was assigned only the proportion of conduit actually used by that service. As with pole attachments, the rate for conduit rental has been approved by the New Jersey state regulatory authorities.

Following the same analysis as above, the total conduit investment for the Dover offering is $243,709 or approximately $0.6899 per foot of conduit (See Attachment H(1)). This translates into an annual cost of $0.0156 and a monthly cost of $0.0013 per fiber foot of conduit. When leasing conduit, third parties lease an entire sheath for their own use. A sheath can contain up to 216 fibers. Based on the 1995 monthly conduit rate of $.417 per foot for third parties and the fiber capacity that may be placed in the rented sheath, the conduit charge per fiber foot assessed to third parties is $.0019.[85] This is less than one tenth of one cent different from the costs used in the tariff.

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[85] $.417/216